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MERIT RATING OF FEDERAL EMPLOY-EES.

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MERIT RATING OF FEDERAL EMPLOYEES

A Thesis

Submitted to the Faculty

of

Purdue University

by

Robert Eugene Weidner

In Partial Fulfillment of the

Requirements for the Degree

of

Master of Science in Industrial Engineering

May, 1954

Thesis
W34

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Purdue University

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To Captain Mell A. Peterson, Commanding Officer, Naval Ordnance Plant, Indianapolis; to Mr. M. K. Coleman, Mr. F. M. Spreen, Mr. A. C. McQuistan and to the staff of the Plant, whose sincere and extremely helpful cooperation greatly aided in the development of this study, the author wishes to express his deepest gratitude.

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ABSTRACT

The potential value of employee rating as a management tool has not been attained by the rating plans which have been used during the past decade in the Federal government for rating Federal employees. This was found to be generally true by the Hoover Commission in so far as the Uniform Efficiency Rating Plan was concerned. It is also true of the Performance Rating Plan presently in use, if the plant at which this investigation was undertaken can be cited as an example.

Specific reasons for the failure of these two rating plans have been determined. It may be said, however, that the primary cause of the failure of the Uniform Efficiency Rating Plan was due to the plan itself. It was neither reliable nor valid for the purposes it was designed to serve. Likewise, it may be stated that the primary cause for dissatisfaction with the Performance Rating Plan has been due to the fact that personnel who administer and use the plan have failed to comprehend the real purpose for which it was designed. The resulting misuse of a basically good plan has led to almost complete failure to derive any of the benefits which are inherent in this type of rating plan. Frustration and eventual withdrawal of interest has resulted.

The present situation may be likened to the problem of fitting a square peg into a round hole. At present, the

tendency has been to blame the peg for being square, i.e. Performance Rating being a poor system to have to use. However, in this case the peg must remain square, since Performance Rating is required by law. Therefore, the only alternative, if the problem is to be solved at all, is to change the shape of the hole (by altering the interpretation of those who are required to use the system).

The proposed rating procedure represents a possible solution to the problem, and a practical one as well. It lies within both the intent and the letter of the law governing Federal rating procedures. It is in full accord with the general recommendations of the Hoover Commission, which led to the passage of the Performance Rating Act of 1950.

The main ideas of the proposed procedure, namely those of: (a) requiring the supervisor to analyze the jobs he supervises; (b) requiring the supervisor to let the employee know what is expected of him on his particular job; and (c) letting the employee know how he is doing and how he may improve his performance, should be of considerable value in accomplishing the stated objective of "improving the efficiency and economy of the Service through the improvement of performance of both supervisory and non-supervisory personnel".

MERIT RATING OF FEDERAL EMPLOYEES

INTRODUCTION

Merit rating is a personnel practice which is generally considered to be an important and integral part of the management function, be it in business, industry, or in government. The idea of judging and evaluating the performance of employees on their jobs is inherent in any group work situation. It is axiomatic, that whenever people work together, judgements will be made by one about the others. The very existence of this judgement process, the realization that supervisors do evaluate their people, provides the basic raw material for a tool of great potential value to the personnel manager. Merit rating is the name which has been given to the attempt to systematically organize this raw material to produce a usable and valuable management tool. Many formal systems have been devised for doing this.[1] Numerous purposes have been defined to be served by merit rating procedures.

The potential value of such a tool was recognized long ago by the Federal government. In fact, formal merit rating has been an established Federal personnel practice since 1887.

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[1]For an excellent bibliography of published information concerning employee rating plans see: Mahler, Walter R., Twenty Years of Merit Rating, 1926-1946, The Psychological Corporation, New York, 1946.

Many systems have been tried during this time in the attempt to find a method of employee appraisal and evaluation which is simple, practical, and acceptable, and, at the same time, reliable and valid.[2] The degree of success achieved by these systems in performing their assigned functions has been the subject of much discussion, and a source of considerable dissatisfaction to these involved. The colossal size of the work force (over two million employees), the many and widely diversified types of activities in the Federal structure, and the especially sensitive position of the Federal government as an employer have all combined to make the problem of merit rating of Federal employees more difficult.

This paper is concerned with a study of Federal merit rating practice in recent years. It is primarily a case study of merit rating at a particular government activity; but since this activity seems typical, the material presented is generally considered to be applicable to the entire civil service structure. Considerable background material is presented concerning the present merit rating system and its immediate predecessor. These systems are described in detail, and the results of each are critically analyzed. As a result of the study, a more practical rating procedure is developed and described.

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[2]U.S. Civil Service Commission, History of the Federal Civil Service, 1789 to the Present, U.S. Government Printing Office, Washington, 1941.

The investigation was undertaken at the Naval Ordnance Plant, Indianapolis, Indiana. This establishment is hereinafter referred to as NOPI for the sake of brevity. NOPI is considered to be quite representative of a Federal activity in that nearly all classes of civil service employees, both "white-collar" and "blue-collar", in nearly all grades and classifications, are represented in its work force of some 3000 employees. It is a matter of record that Federal employee merit rating plans have never been considered suitable to the needs of this activity by those concerned with personnel management at the plant.[3] Considerable dissatisfaction with rating procedures in current use has also been evidenced in an employee attitude survey recently conducted at NOPI. Less than 40% of the employees feel that the system now in use rates them fairly in their present job performance.[4]

The purpose of this investigation has been to analyze this situation as carefully as possible, and to seek to develop a better rating procedure, especially for use at NOPI.

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[3]Rawls, Julian Ezra, A Procedure for the Appraisal of Personnel Practices in a Naval Industrial Activity, M.S. Thesis in Industrial Engineering, Purdue University, June, 1950. Unpublished.

[4]Priest, Charles, Jr., An Appraisal of Factors Affecting Productivity in a Naval Ordnance Plant, M.S. Thesis in Industrial Engineering, Purdue University, May, 1954. Unpublished.

Since the proposed plan seems more in keeping with the intent of the law presently governing Federal merit rating, the procedures proposed may also be adaptable to other Federal activities.

The author makes no claim to originality in developing the methods, since the material has been adequately presented in the other studies which will be referred to. If any part of the proposed plan is original, it is the analysis of the existing situation and the application of available methods to the solution of the specific problem at hand. The decisions reached have resulted either from the author's analysis of existing records, regulations, and directives in effect at NOPI, or from discussions between the author and supervisory personnel at all levels of management throughout the plant.

PRESENTING THE PROBLEM

The Uniform Efficiency Rating System

This section is devoted to a description and analysis of the merit rating system in use prior to the present one. It was called the Uniform Efficiency Rating System. The discussion is intended to provide a background for the evolvement of the system which is currently in use, and to give a better insight into the attitudes regarding merit rating of Federal employees.

Dissatisfaction with the Uniform Efficiency Rating System used in rating Federal employees during the 1940's was widespread. This system, as described by the U.S. Civil Service Commission,[5] consisted of an adjective summary rating (Excellent, Very Good, Good, Fair, or Unsatisfactory) based upon a standard form. (Figure 1.) This form contained twenty elements which were applicable to non-supervisory duties; and eleven elements which referred to administrative, planning, and supervisory duties. For a given position, especially pertinent elements to be considered in rating were designated by underlining on the form, and lesser elements were designated by marking. The rater then indicated by placing a symbol in front of the statement whether the

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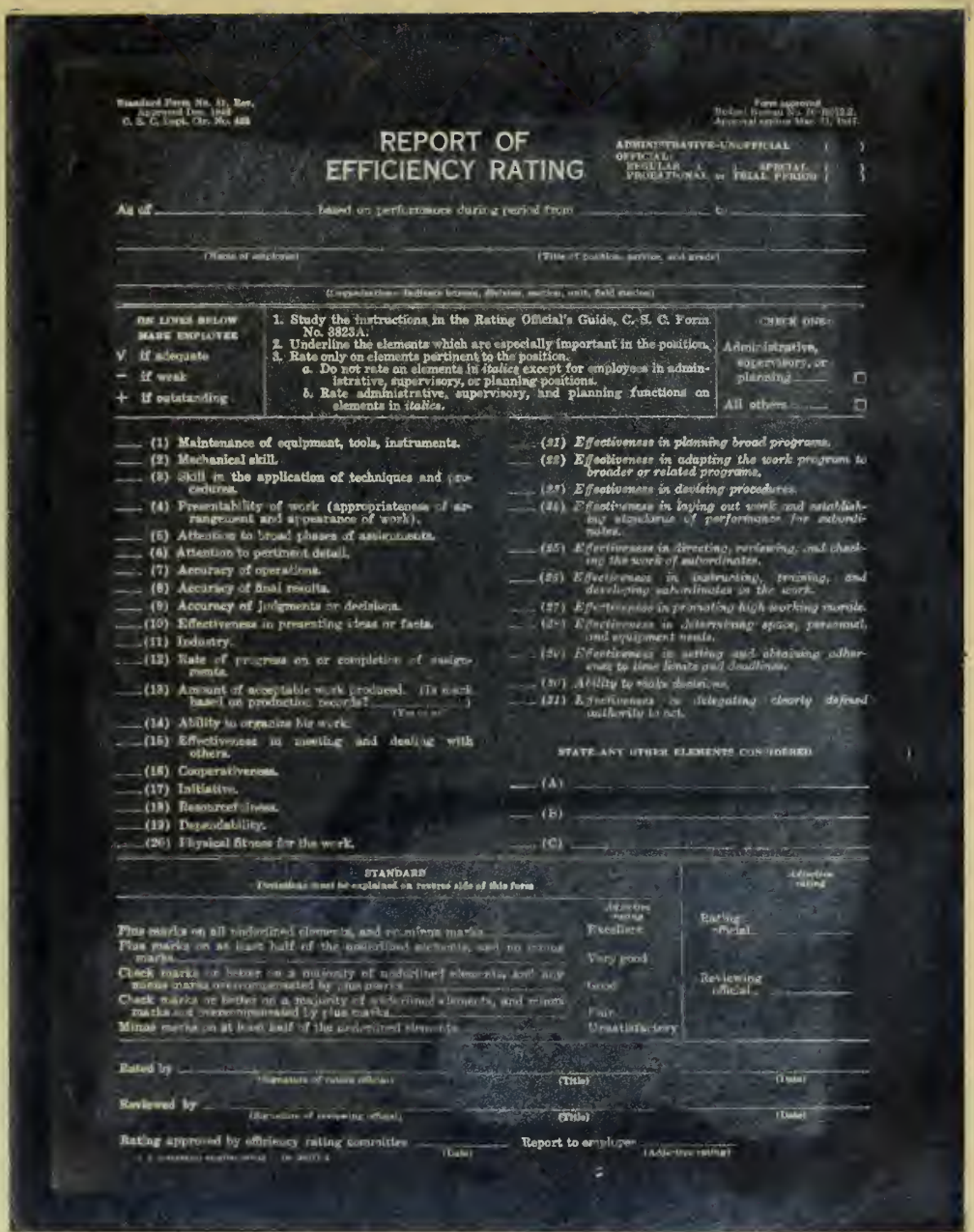
[5] U.S. Civil Service Commission, Report on Efficiency Ratings in Accordance with the Provisions of the Classification Act of 1949, U.S. Government Printing Office, Washington, 1950.

ratee's performance was outstanding (+), adequate (✓), or weak (-). On the basis of these evaluations a formula was applied to determine the employee's over-all adjective rating. (Figure 1.)

The ratings were prepared by the immediate supervisor, reviewed by higher supervisors, then reviewed and approved by an efficiency rating committee which has the authority of the head of the activity or agency. Each employee was notified of the particular adjective rating given to him and of the steps he could take if he disagreed with the rating he had received. He was also permitted to see his rating on individual elements if he so desired.

In addition to the mechanics of the rating procedure described above, there were in effect a number of administrative rules and regulations, devised primarily to protect individual employees against discrimination, favoritism, and unjust treatment. Each employee not only had the right to see his own rating, but also to know the ratings of other employees in his agency, and to appeal his rating through the various stages of review. "Fair" or "Unsatisfactory" ratings required demotion or separation action. However, no employee could be given a "Fair" or "Unsatisfactory"rating unless he had been given a warning three to six months prior to the rating, specifically informing him: (a) how his performance failed to meet requirements; (b) how he could improve his performance; (c) that he had the opportunity to bring about such improvement; and (d) that he would re-



Standard Form No. 11, Rev.
Approved Dec. 1948
U. S. C. Supp. Civ. No. 423

Form approved
Bureau of the Budget No. 57-R022.
Approval expires Mar. 31, 1949.

REPORT OF EFFICIENCY RATING

ADMINISTRATIVE—UNOFFICIAL ( )
OFFICIAL:
REGULAR ( ) SPECIAL ( )
PROBATIONAL or TRIAL PERIOD ( )

As of _____ based on performance during period from _____ to _____

(Name of employee) (Title of position, service, and grade)

(Organization: bureau, division, section, unit, field station)

ON LINES BELOW MARK EMPLOYEE
V If adequate
− If weak
+ If outstanding

1. Study the instructions in the Rating Official's Guide, C. S. C. Form No. 3823A.
2. Underline the elements which are especially important in the position.
3. Rate only on elements pertinent to the position.
   a. Do not rate on elements in *italics* except for employees in administrative, supervisory, or planning positions.
   b. Rate administrative, supervisory, and planning functions on elements in *italics*.

CHECK ONE:
Administrative, supervisory, or planning _____ ☐
All others _____ ☐

_____ (1) Maintenance of equipment, tools, instruments.
_____ (2) Mechanical skill.
_____ (3) Skill in the application of techniques and procedures.
_____ (4) Presentability of work (appropriateness of arrangement and appearance of work).
_____ (5) Attention to broad phases of assignments.
_____ (6) Attention to pertinent detail.
_____ (7) Accuracy of operations.
_____ (8) Accuracy of final results.
_____ (9) Accuracy of judgments or decisions.
_____ (10) Effectiveness in presenting ideas or facts.
_____ (11) Industry.
_____ (12) Rate of progress on or completion of assignments.
_____ (13) Amount of acceptable work produced. (Is mark based on production records? _____ (Yes or no))
_____ (14) Ability to organize his work.
_____ (15) Effectiveness in meeting and dealing with others.
_____ (16) Cooperativeness.
_____ (17) Initiative.
_____ (18) Resourcefulness.
_____ (19) Dependability.
_____ (20) Physical fitness for the work.

_____ (21) *Effectiveness in planning broad programs.*
_____ (22) *Effectiveness in adapting the work program to broader or related programs.*
_____ (23) *Effectiveness in devising procedures.*
_____ (24) *Effectiveness in laying out work and establishing standards of performance for subordinates.*
_____ (25) *Effectiveness in directing, reviewing, and checking the work of subordinates.*
_____ (26) *Effectiveness in instructing, training, and developing subordinates in the work.*
_____ (27) *Effectiveness in promoting high working morale.*
_____ (28) *Effectiveness in determining space, personnel, and equipment needs.*
_____ (29) *Effectiveness in setting and obtaining adherence to time limits and deadlines.*
_____ (30) *Ability to make decisions.*
_____ (31) *Effectiveness in delegating clearly defined authority to others.*

STATE ANY OTHER ELEMENTS CONSIDERED

_____ (A) _____
_____ (B) _____
_____ (C) _____

STANDARDS
Deviations must be explained on reverse side of this form

	Adjective rating
Plus marks on all underlined elements, and no minus marks	Excellent
Plus marks on at least half of the underlined elements, and no minus marks	Very good
Check marks or better on a majority of underlined elements and any minus marks overcompensated by plus marks	Good
Check marks or better on a majority of underlined elements, and minus marks not overcompensated by plus marks	Fair
Minus marks on at least half of the underlined elements	Unsatisfactory

Adjective rating

Rating official _____

Reviewing official _____

Rated by _____ (Signature of rating official) (Title) (Date)

Reviewed by _____ (Signature of reviewing official) (Title) (Date)

Rating approved by efficiency rating committee _____ (Date) Report to employee _____ (Adjective rating)

FIG. 1.

EFFICIENCY RATING FORM

ceive a "Fair" or "Unsatisfactory" rating if his performance did not improve to meet required standards. Failure to achieve to least a rating of "Good" acted to prevent the employee from getting automatic within-grade advancement, and his efficiency rating vitally affected his place on the retention register. In all cases involving demotion or dismissal, the employee had to be given written notice at least 30 days in advance of the proposed action, which he could appeal. The rules also outlined special considerations to be given if the employee was a veteran. The typical rating procedure used is depicted graphically in Figure 2.

Efficiency ratings were required to be used for a number of purposes. They were considered in matters of promotion, demotion, separation, retention lists for reduction in force, in-grade pay increases, and awards.

What were the results of using this system? At NCPI, as in nearly all government agencies and establishments, it is generally conceded that the system failed miserably to accomplish the purposes for which it was designed. A quantitative look at the general results of using the efficiency rating procedure shows one reason for this. Statistical analysis of a number of ratings showed the distribution of adjective ratings to be heavily skewed toward the favorable end of the scale. In most cases, 80%, or more, of the ratees were described as "Excellent" or "Very Good". In fact, there are instances of the percentage running as high

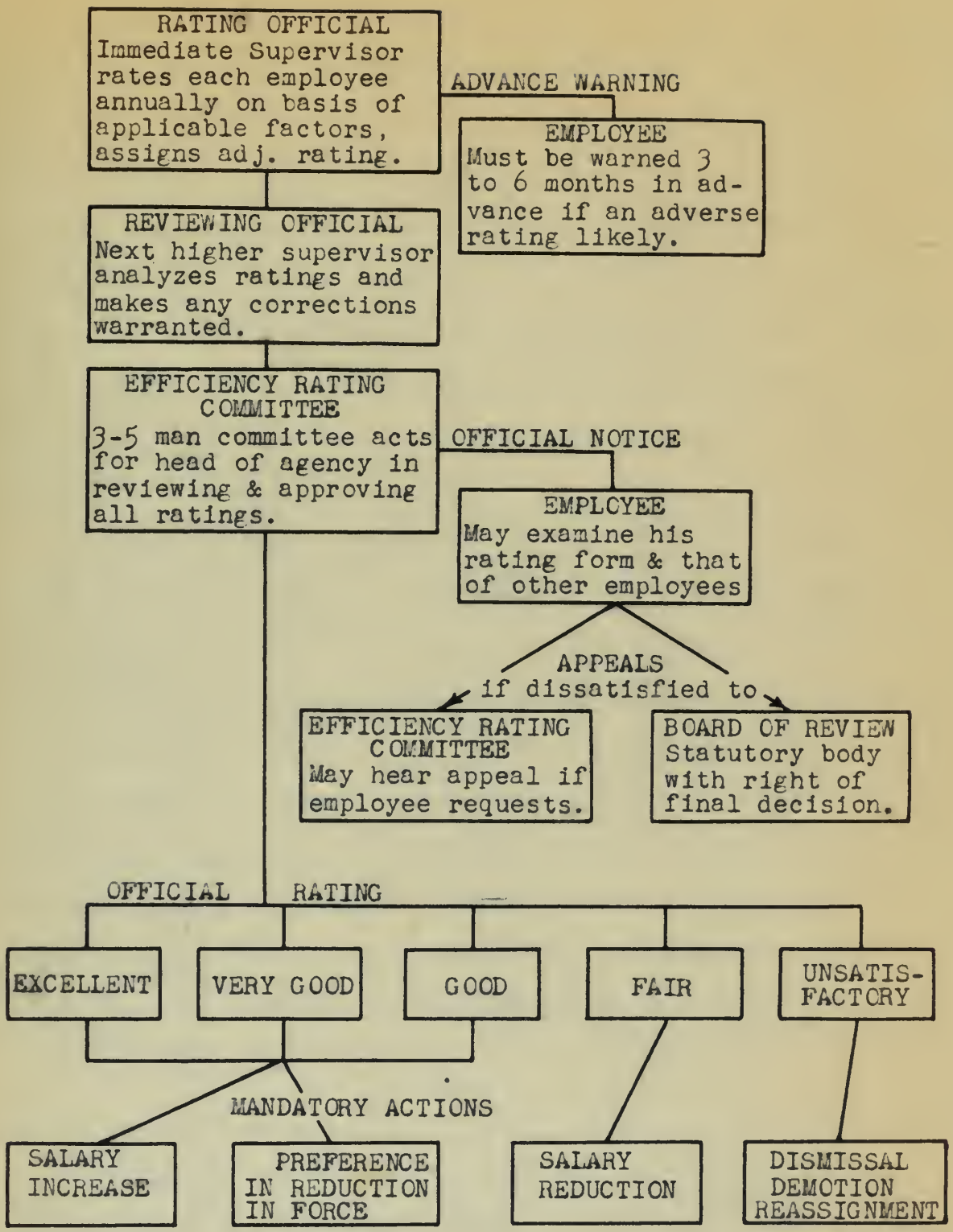

RATING OFFICIAL
Immediate Supervisor rates each employee annually on basis of applicable factors, assigns adj. rating.
ADVANCE WARNING
EMPLOYEE
Must be warned 3 to 6 months in advance if an adverse rating likely.
REVIEWING OFFICIAL
Next higher supervisor analyzes ratings and makes any corrections warranted.
EFFICIENCY RATING COMMITTEE
3-5 man committee acts for head of agency in reviewing & approving all ratings.
OFFICIAL NOTICE
EMPLOYEE
May examine his rating form & that of other employees
APPEALS
if dissatisfied to
EFFICIENCY RATING COMMITTEE
May hear appeal if employee requests.
BOARD OF REVIEW
Statutory body with right of final decision.
OFFICIAL RATING
EXCELLENT
VERY GOOD
GOOD
FAIR
UNSATIS-FACTORY
MANDATORY ACTIONS
SALARY INCREASE
PREFERENCE IN REDUCTION IN FORCE
SALARY REDUCTION
DISMISSAL DEMOTION REASSIGNMENT

FIG. 2.

TYPICAL EFFICIENCY RATING PROCEDURE

as 96.5% in the top two brackets of the 5 point scale - with 55% in the topmost, or "Excellent", category.[6] To accept the fact that 80% or more of a population of over two million are above average requires considerable imagination - or else a new definition of the word "average". Moreover, to make intelligent use of such a distribution for the purposes desired is impractical, if not impossible. The system, for one reason or another, simply did not discriminate between employees, and was therefore meaningless for administrative actions.

Hindsight always being better than foresight, the above results are not too surprising. In the first place, the efficiency rating form is nothing more than a series of statements designating characteristics or traits which are to be measured. Many of these are so poorly defined and of such a general nature as to mean all things to all people. While an attempt was made to give special consideration to elements applicable to the particular job of the ratee, there is no evidence of any study ever having been made to establish the validity of this procedure for determining the over-all adjective rating.[7]

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[6] The Commission on Organization of the Executive Branch of the Government - Hoover Report, Appendix A, Task Force Report on Federal Personnel, U. S. Government Printing Office, Washington, 1949, p. 60.

[7] Ibid. p. 62.

The attempt to gain administrative simplicity embodied in applying a "uniform" plan covering so many people in so many different types of jobs, while admirable in that respect, quite often led to great difficulties in its application to specific job situations. It was like trying to force everyone to wear the same size of shoe after reasoning that: (a) everyone should wear shoes, and (b) the quickest and cheapest means of providing shoes for everyone is to standardize on one average size and mass produce them. Unfortunately for the wearers, however, no one had a really good fit.

In addition, there was little uniformity in the rating standards used by the raters. General objective standards were defined, but quite often so vaguely that almost any interpretation was possible for any specific job situation. No two raters set the same criteria for marking a trait on the form. Thus neither the validity, nor the reliability of the system had been established for the purposes it was designed to serve.

In the second place, the rules and regulations surrounding the entire rating procedure contributed considerably toward preventing the appearance of valid ratings. This was demonstrated quite dramatically by Weschler, Massarik, and Tannenbaum in an experiment conducted at the U. S. Naval Ordnance Test Station, Pasadena Annex, Pasadena, California,

(an activity quite similar to NOPI incidentally).[8] The conditions outlined for the test were intended to remove as many as possible of the restrictions normally imposed on raters by administrative rules and regulations. Although the raters were told to give ratings which they would be willing to discuss with the ratees, they were told not to abide by the other rules in use, and to rate exactly as they wished. No advance warnings to the employee were necessary if the rater desired to give a rating of less than "Good"; no review or challenge of ratings was assumed; the computation of adjective ratings was not required and the conversion formula was omitted from the form; the new rating was to have no effect on the retention of the employee; and finally, no one but the research staff was to see the ratings. A comparison of the ratings made under the normal conditions and ratings made under the experimental conditions showed a considerable shift in the distribution of ratings as a result of removing many of the restrictions imposed on raters by the rules and regulations governing the rating procedure. The results are shown in Table 1. on the next page.

---

[8] Weschler, Irving R., Massarik, Fred, and Tannenbaum, Robert, "Experimenting with Federal Efficiency Ratings: A Case Study", Journal of Social Psychology, 1952, 36, pp. 205-222.

TABLE 1.[9]

ADJECTIVE RATING	EXCELLENT	VERY GOOD	GOOD	FAIR	UNSATIS-FACTORY
Normal Conditions	28.13	56.25	15.63	-	-
Experimental Conditions	18.92	40.54	24.32	16.22	-

Evolution of the Present Federal Rating System

Efficiency Rating was one of the aspects of Federal personnel management which was thoroughly investigated by the Hoover Commission, especially by the Personnel Policy Committee. The analysis by this group revealed a number of weaknesses thought pertinent to revision of the entire efficiency rating procedure. Specifically it was felt that the efficiency rating procedures used tended to undermine supervisor-employee relationships because of a number of features. These are enumerated below.

a. The system makes mandatory either a public reward or a public penalty.

b. The supervisor's determination is subject to challenge at three higher levels. This has tended to alienate supervisor and employee, and to weaken the authority of the supervisor.

c. The efficiency rating process is based upon contradictory and unvalidated assumptions.

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[9] Ibid. p. 214.

d. Two important uses of personnel evaluation are not facilitated by present procedures, namely employee development and employee growth potential.[10]

Based upon the above findings, the commission proposed that the merit rating system be changed considerably. Generally, it was recommended that efficiency ratings should be confined to an appraisal of each employee's performance, progress, and growth potential. Specifically the commission recommended that the following revisions be made.

a. The formal efficiency rating process should be limited to the supervisor's indicating on the 3 factors mentioned above whether the employee is superior, satisfactory or weak.

b. Upon completion of this evaluation, the supervisor, should have a personal, confidential discussion with each employee. This is to consist of a review of the employee's strengths and weaknesses in order to facilitate the employee's future growth.

c. Each agency should conduct, as part of its personnel program, a training and advisory service to assist supervisors in the selection of evaluation factors and in the preparation and use of efficiency ratings.

d. The efficiency rating should be used in conjunction with the annual audit of key jobs, and selection of candidates for advanced career training, and the establishment of promotion registers.[11]

The findings of the commission provided much of the groundwork leading to the passage of the Performance Rating

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[10] Hoover Report, Appendix A, pp. 59-62.

[11] Ibid, p. 71.

Act of 1950.[12] This law, embodying many of the commission's recommendations, now serves as the basic authority and guide for federal employee appraisal and rating practices. The fallaciousness of universal application of a uniform system was recognized in that each agency or department is at present required to establish its own plan, subject to approval by the Civil Service Commission. The requirements set forth for agency plans are of such a nature, however, that abandonment of the uniform system idea is more apparent in name than in practice.[13] In general, plans must provide for:

a. Recognizing merit of employees and their contributions to efficiency and economy in the Federal Service.

b. Making proper performance requirements known to employees and appraising their performance in relation to such requirements.

c. Using performance appraisals to improve the effectiveness of employee performance, and for strengthening supervisor-employee relationships.

d. Keeping employees currently advised of their performance and promptly notifying them of their performance ratings.

Administrative procedures for the new plan are almost as restrictive as they were under the old plan.

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[12] Civil Service Preference Retirement, and Salary Classification Laws, Compiled by Supt. Document Room, House of Representatives, U.S. Government Printing Office, Washington, D.C., 1952. Public law 873-81st Congress.

[13] U. S. Civil Service Commission, Chapter P-4 - "Performance Rating", Federal Personnel Manual, U. S. Government Printing Office, Washington, D. C., 1950.

The plan established by the Navy Department[14] and approved by the Civil Service Commission is the one which NOPI is required to use. This system and the procedure currently in use are described in the following section.

The Present Performance Rating System

As described in the Performance Appraisal and Rating Manual in use at NCPI,[15] the present formal merit rating system bears little superficial resemblance to the old Uniform Efficiency Rating System. To start with, it has been given a new name, "Performance Rating". The rating form now used (see Figure 3.) contains only three rating factors; Quality of Work, Quantity of Work, and Adaptability. The rater indicates on each of these factors by letter the ratee's characteristic work performance as follows; "Outstanding" (O), "Satisfactory" (S), or "Unsatisfactory" (U). An overall adjective performance rating is then assigned, based on the markings given to the three rating factors. To assign an adjective rating of "Outstanding", all three factors must be marked (O), and full written justification must be appended tc the rating sheet. Similarly, one or more (U) factor marks require assignment of the adjective rating "Unsatis-

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[14] Navy Civilian Personnel Instructions, Instruction No. 130, "Performance Appraisals and Ratings", Office of Industrial Relations, Navy Department, Washington, D. C.

[15] NOPI Instruction 12130.1, Performance Appraisal and Rating Manual, U.S. Naval Ordnance Plant, Indianapolis, Indiana, 1953.

PERFORMANCE RATING

TYPE OF POSITION

☐ GRADED SUPERVISORY ☐ GRADED NON-SUPERVISORY ☐ UNGRADED SUPERVISORY ☐ UNGRADED NON-SUPERVISORY

KIND OF RATING

☐ OFFICIAL ☐ UNOFFICIAL

NAME

RATING PERIOD

FROM _____ TO _____

CHECK NO. PAYROLL TITLE UNIT, SECTION OR SHOP

NAME OF ACTIVITY LOCATION OF ACTIVITY

EXPLANATION

Mark characteristic work performance in each factor. In marking supervisors, also consider effectiveness as a supervisor in getting work done.

DEFINITIONS

OUTSTANDING - All aspects of performance not only exceeded normal requirements but were outstanding and, in addition, deserved special commendation.

SATISFACTORY - Acceptable performance that met or exceeded minimum requirements.

UNSATISFACTORY - Performance that clearly failed to meet minimum requirements.

FACTORS

Use O, S, and U to denote Outstanding, Satisfactory and Unsatisfactory performance respectively.

QUALITY OF WORK ___ ( )
QUANTITY OF WORK ___ ( )
ADAPTABILITY ___ ( )

ADJECTIVE PERFORMANCE RATING

Each "O" or "U" rating must be supported by supervisor's signed statement attached hereto showing specifically and in detail wherein employee's performance was outstanding or unsatisfactory.

"O" marks in all three factors, fully supported in writing _____ OUTSTANDING ___ ( )

"S", or "S" and "O" marks _____ SATISFACTORY ___ ( )

One or more "U" marks, fully supported in writing _____ UNSATISFACTORY ___ ( )

DEVIATIONS MAY BE MADE BUT MUST BE JUSTIFIED IN WRITING

RATED BY (Name) TITLE DATE

DISCUSSED WITH EMPLOYEE BY (Name) DATE DISCUSSED/ACKNOWLEDGED (Employee's Initials)

REVIEWED BY (Name) TITLE DATE

DATE APPROVED BY (Name) DATE COPY FURNISHED EMPLOYEE

NOTICE TO EMPLOYEE

BY THIS COPY OF YOUR PERFORMANCE RATING FOR THE PERIOD INDICATED YOU ARE NOTIFIED WHAT YOUR ADJECTIVE RATING IS AND HOW IT IS DEFINED. IF THIS IS AN OFFICIAL RATING YOU HAVE A RIGHT TO APPEAL IT WITHIN 30 DAYS AFTER RECEIPT OF THIS NOTICE. CONSULT YOUR SUPERVISOR OR YOUR PERSONNEL OFFICER AS TO YOUR APPEAL RIGHTS.

(EMPHASIZE: MARK "OUTS" AND "UNSAT" CASES, ETC.)

FIG. 3.

PERFORMANCE RATING FORM

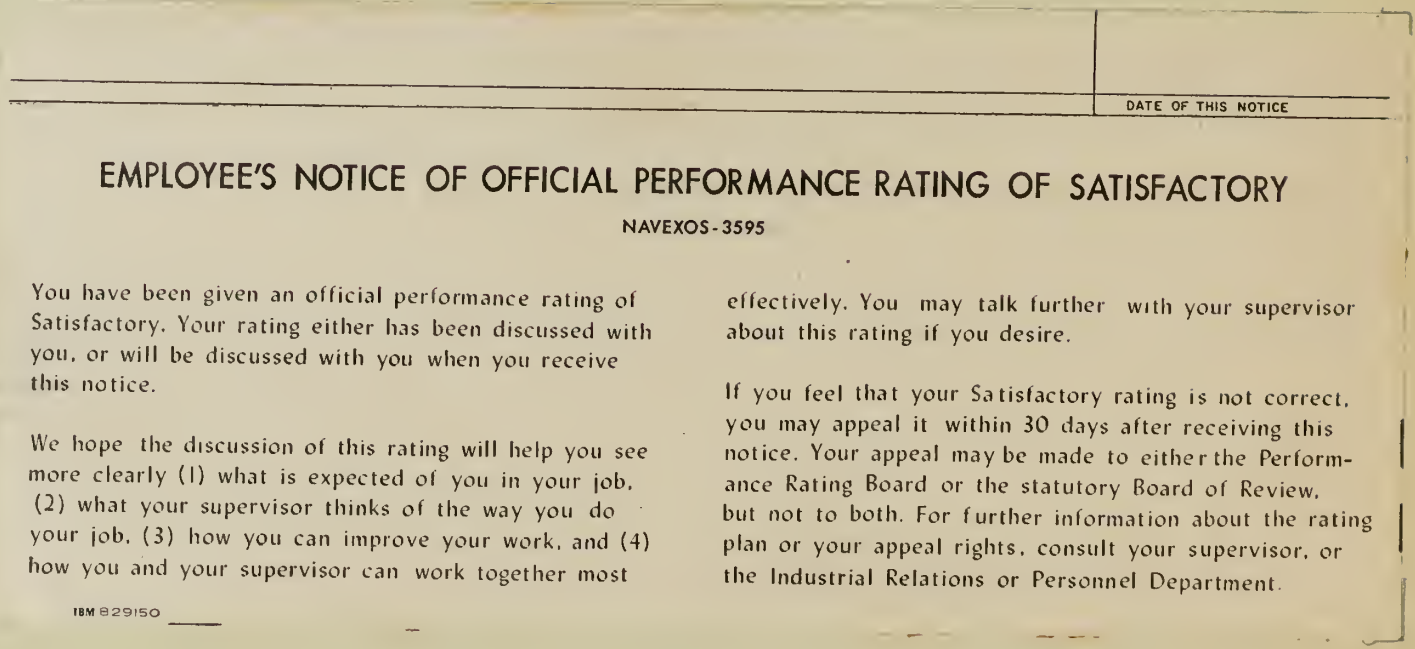
factory", again fully supported in writing. All other combinations of factor markings are assigned an adjective rating of "Satisfactory", and no written justification is required, either for the final adjective rating or for any of the factor markings. The employee is notified of his rating, and has the right to appeal an official rating of "Unsatisfactory" to a Performance Rating Board, and further to a statutory Board of Review if not satisfied with the decision of the Performance Rating Board. A "Satisfactory" rating may also be appealed to one of the boards mentioned, but not to both, if the employee feels dissatisfied with this official rating.

In general, the same restraints formerly placed on the awarding of "Fair" or "Unsatisfactory" adjective ratings under the old Uniform Efficiency Rating System apply to the awarding of an "Unsatisfactory" performance rating under the new system. The ratee must be notified at least 90 days in advance of the awarding of an "Unsatisfactory" rating, and all the other stipulations mentioned before, such as pointing out specific performance deficiencies, warning the employee that he will be rated "Unsatisfactory" unless performance is improved, etc., are still required. An official performance rating of "Unsatisfactory" is cause for demotion, reassignment, or separation action.

The actual formal rating procedure at NOPI is about as streamlined as such a system can get. Once a year the Industrial Relations Department forwards a memorandum to all

Department Heads requesting that a list of employees who are to be rated "Outstanding" or "Unsatisfactory" be furnished by a given date. Industrial Relations then forwards a Performance Rating Sheet (Figure 3.) to the supervisors of these employees. The sheet is filled out by the rater, and the written statement fully justifying all aspects of the rating is drawn up and appended to the rating sheet. Both are examined and commented on by the reviewer. The rating is then discussed with the ratee. The rating sheet is initialled by him, and returned to the Industrial Relations Department for Performance Rating Board approval. Upon approval by the Board, a copy of the official rating form is returned to the employee to serve as an official notice of rating. This procedure is followed for only those employees who are rated "Outstanding" or "Unsatisfactory".

All other employees are automatically considered as "Satisfactory" and are so notified using an "Employee's Notice of Official Performance Rating of Satisfactory" (Figure 4.). After being approved by the Performance Rating Board (also automatic), these forms are distributed to employees by the supervisors. At this time the rating is discussed with the employee by his supervisor. In other words, employees who are rated as "Satisfactory" are notified automatically, and no signature, initials, or marking of any kind is required by either supervisor or employee. However, rating forms are required for those employees who are to be rated "Outstanding" or "Unsatisfactory".



DATE OF THIS NOTICE

EMPLOYEE'S NOTICE OF OFFICIAL PERFORMANCE RATING OF SATISFACTORY

NAVEXOS-3595

You have been given an official performance rating of Satisfactory. Your rating either has been discussed with you, or will be discussed with you when you receive this notice.

We hope the discussion of this rating will help you see more clearly (1) what is expected of you in your job, (2) what your supervisor thinks of the way you do your job, (3) how you can improve your work, and (4) how you and your supervisor can work together most effectively. You may talk further with your supervisor about this rating if you desire.

If you feel that your Satisfactory rating is not correct, you may appeal it within 30 days after receiving this notice. Your appeal may be made to either the Performance Rating Board or the statutory Board of Review, but not to both. For further information about the rating plan or your appeal rights, consult your supervisor, or the Industrial Relations or Personnel Department.

IBM 829150

FIG. 4.

EMPLOYEE'S NOTICE OF OFFICIAL PERFORMANCE RATING OF SATISFACTORY

According to NCPI's Performance Appraisal and Rating Manual, performance ratings are to be used for determining pay increases, promotion, reassignment, demotion, separation, compiling retention lists for reduction in force, and awards consideration for employees with "Outstanding" ratings.[16] In addition to providing a formal basis for the above personnel actions, performance ratings are also intended to provide a systematic basis for improving employee performance and strengthening supervisor-employee relationships. How usable is the system for these purposes?

Analysis of the Results of Performance Rating at NCPI

It is readily admitted that the present Performance Rating System leaves a great deal to be desired as a useful and valuable tool to be used by management as a basis for the necessary personnel actions it was designed to facilitate. Both top management and supervisory personnel from the first line on up have expressed considerable dissatisfaction with it. The simple fact is, that except in very rare cases, no useful information regarding the employee's performance is recorded or conveyed using this system. The common complaint is, "How can you intelligently use performance ratings for anything when everybody has the same rating?"

As might be expected upon examination of the system

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[16] Ibid., p. 4.

and the procedures involved in its administration, nearly everyone is rated "Satisfactory". The extent to which this condition prevails certainly justifies the above complaint. In the last rating period at NCPI (May, 1952-May, 1953), out of 3,000 employees rated, there were 14 rated "Outstanding", none "Unsatisfactory", and the balance were rated "Satisfactory".[17] These are the only three adjective ratings recorded, and there is no shading of any rating towards either high or low within the category.

The number of "Outstanding" ratings, though less than 1% (0.47% to be exact) of the total, is not considered to be exceptionally small in view of the stringent requirements imposed for achievement of this rating. In fact, a survey of 46,687 employee ratings at various naval shore establishments in the Twelfth Naval District (includes NOPI) during the same rating period, using essentially the same rating system, showed only 37 "Outstanding" ratings, or 0.08% of the total.[18] The number of "Outstanding" ratings is also consistent with the number made during the previous year at NCPI when there were 12 "Outstanding" ratings; however the

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[17] These figures direct from Personnel Department files made available to the author.

[18] "News and Views on Industrial Relations", Twelfth Naval District Bulletin, No. 44. This is a monthly information bulletin distributed by Naval District Headquarters to all agencies in the District.

total number of employees was 10% less at that time.

All in all, it would seem that the standards outlined for rating performance as "Outstanding" are quite high, well defined, and consistently interpreted to mean "demonstrated performance deserving of special commendation", as was intended by the Congress when it passed the Performance Rating Act of 1950. Consequently, employees who receive this rating at NOPI are automatically considered for special recognition, awards, and commendation. Such action, in practice at least, has been tantamount to giving the awards directly, since in nearly every case, further examination by reviewing boards and awards committees, etc., has been merely perfunctory in nature, and approval for awards automatic.

Whether such action is properly within the scope of performance rating or not has been seriously questioned at NOPI. A majority of supervisors, in conferences regarding rating, have gone on record as favoring the abolition of this use for ratings. The feeling is that recognition must be given to outstanding employees, but that such recognition should more properly result from committee action, as part of the awards and incentives program rather than from performance rating by a single supervisor.[19]

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[19] These recommendations were made as a result of a series of supervisor conferences on Performance Rating held at NOPI for the purpose of seeking to improve the program. They represent a consensus of opinion. Records of these conferences were made available to the author.

Although the number of "Outstanding" ratings resulting from the Performance Rating System is so small as to be nearly insignificant numberwise, it seems advisable to mention a few other aspects of this analysis which would indicate that there are other factors besides the standards laid down which influence the awarding of "Outstanding" performance ratings. It is interesting to note, upon examination of the group rated "Outstanding", that only two out of the 14 were ungraded ("blue-collar") employees. Two out of 14, despite the fact that the total work force is made up of 2100 ungraded employees and only 900 graded ("white-collar") employees! Percentagewise this means that in the "blue-collar" group only about 0.1% were regarded as "Outstanding"; whereas in the other group, viz. the graded employees, 1.3%, or 13 times as many, were considered "Outstanding". Nor is this tendancy unique to NCPI.

In the previously cited survey which covered 35,891 ungraded and 12,796 graded employees, only 4 of the 37 employees rated "Outstanding" were ungraded employees.[20] The percentages in this survey showed 0.01% of the ungraded group rated "Outstanding", i.e. 26 times as many in the "white-collar" group. Thus it seems that while the low percentages of "Outstanding" in each group is indicative of the high standards necessary for this rating, the standards are

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[20] Twelfth Naval District Bulletin No. 44, op. cit.

not necessarily uniformly interpreted, nor comparably applied by raters in the different groups.

Another phase of the rating procedure which was investigated was the effect on ratings of the requirement for full written justification for certain marks. This was facilitated by the fact that some of the naval activities included in the survey had the local requirement of justifying with written statements the "O" factor marks on "Satisfactory" rating sheets; whereas other activities had no such requirement on these sheets, requiring written justification only when the over-all rating was "Outstanding".

In activities not requiring written justification of "O" factor marks, 18% of the "Satisfactory" rating sheets had one or two individual factors marked "O". In contrast to this, activities requiring the justification of "O" factor marks showed that only 1% of the "Satisfactory" rating sheets had one or two individual factors marked "O".[21] Thus it is seen that the requirement for written substantiation of marks exerts a significant influence on the ratings - perhaps as much as the interpretation of the standards.

These results might also partially explain some of the difference between the percentages of "Outstanding" ratings made in "blue-collar" and "white-collar" groups. It is felt that shop supervisors encounter considerably more difficulty

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[21] Ibid.

in composing these required written justification statements than do office and clerical personnel, who do similar work as part of their daily job. For the man who seldom is called upon to write up this type of formal statement, the requirement can well become a real chore, in addition to taking up a good deal of time which could better be used in other supervisory duties. Consequently, if it can be avoided as a part of the rating procedure, it usually is. Another factor which undoubtedly contributes to the predominance of graded employees in the "Outstanding" category is the fact that these people commonly are in the higher echelons of management where their actions have greater effect on the entire organization. The fact that they are paid more,and consequently are expected to do tasks which may seem outstanding to those in lower echelons, is often overlooked. This has the effect of giving lower echelons an unrealistic view of the standards for "Outstanding" when they are applied to "blue-collar" jobs. Factors of status, prestige, and different ideas of the value of such a rating also seem to influence the unequal distribution of "Outstanding" ratings between the two groups. The amount due to any one of these factors cannot be readily determined however.

But what about the other two adjective ratings? Enough has been said, it would seem, about a classification into which fall only 14 out of some 3000 employees. Even more insignificant, numberwise at least, is the adjective rating of "Unsatisfactory". There are no "Unsatisfactory"

ratings at NCPI. This is due primarily to the morass of complicated regulations and sheer labor involved with the awarding of this rating. It is usually simpler for the supervisor to get rid of such people by other means, to effect reassignment or discharge on other grounds, than to bother with the extended warning periods, written statements, appeals, hearings, and other rigamarole connected with the awarding of an "Unsatisfactory" performance rating.[22] Consequently, when performance ratings are made, unsatisfactory employees are already gone or are in the process, on other grounds. So why complicate matters for everyone by formally rating a person "Unsatisfactory"!

Thus it is seen that what was set up as a three-step rating scale is, for all practical purposes, only a one-step rating scale (whatever that may be). The other two adjective ratings being what they are, there is only one alternative left to the rater. That is to rate the employee "Satisfactory", and let it go at that. The rather perfunctory method of doing this might have seemed surprising when it was first encountered in the description of the present system; but in so far as influencing the distribution of ratings is con-

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[22]Some three pages of NCPI's Performance Appraisal and Rating Manual are devoted to outlining the procedures which must be followed in order to award an "Unsatisfactory" rating. They concern primarily warning requirements and appeals procedures. The time required to go through the entire procedure could be as long as 150 days.

cerned, it has had no effect. The present procedure of automatically awarding "Satisfactory" ratings to all except those who were listed as "Outstanding" in the preliminary list, was inaugurated after two years of handing out rating sheets for each employee. Since all of the sheets came back marked "Satisfactory" (except for 12 or 14 out of 3,000), after considerable expense in both time and effort on the part of both personnel office employees and supervisors, the present "automatic" system was decided upon. It is considered to be a definite improvement in the administration of the present program by all concerned because it eliminates nearly all of the paper work, and still gives the same results.

One effect of using this procedure, however, has been to further reduce the already low emphasis on the use of employee rating as an instrument for strengthening supervisor-employee relationships. The technique gives little basis for analysis of employee weaknesses or strengths, and provides no record of improvement nor decline in performance. Whereas a good merit rating procedure could provide an incentive for the employee, this system shows only "Satisfactory", on all counts, for everybody, year after year. Consequently, any clinical use normally associated with rating is disregarded.

It is seen that 99.5% of all employees receive the adjective performance rating of "Satisfactory". There are

no graduations within this category; the near-outstanding are rated the same as the near-unsatisfactory, and the record shows nothing more. Little use is possible for ratings made using the system, and possible use is neglected because of general dissatisfaction and disinterest. To again use the allegory concerning shoes; where the old Uniform Efficiency Rating System sought to standardize on one size and force everyone to wear it, the Performance Rating System seems to have solved the problem by the simple expedient of painting everybody's feet black. It looks like shoes (from a distance at least), and doesn't pinch anyone; but it just isn't shoes. And it doesn't benefit anyone.

The Problem of Trying to Improve Performance Rating at NCPI

The problem presented is not one of whether the Performance Rating System should be replaced by some other rating system. The problem is essentially that of how can this system be improved; since the Performance Rating System is a fact-of-life which has to be lived with at NOPI.

It must be realized that this present formal rating system is mandatory at NOPI. The purposes outlined, the standards for rating, the choice of ratings, the rating sheet itself, and the formal procedures involved are specifically laid down by rules and regulations deriving from the Performance Rating Act of 1950. This is the law, and it is not within the power of plant officials to prescribe any deviations in the required procedure which will violate

these specifications. In addition, there is an attitudinal problem regarding rating, based upon dissatisfaction with the present system, and its predecessor. Since the history of merit rating at NOPI has been one of unsatisfactory results, there is considerable skepticism regarding any scheme of rating which might be proposed.

To obtain a reliable rating scheme of practical use to those who will be concerned with it, and still stay within the framework prescribed by law, is the rather formidable problem existing at NOPI. Indeed, the problem exists throughout the Federal employment structure.

SOLVING THE PROBLEM

Getting a Proper Perspective of the Possible Uses for Performance Ratings at NOPI

After exploring the background of rating at NOPI and pointing out some of the immediate aspects of the problem, we arrive at the $64 question, viz. "what can be done about it?" How can Performance Rating be improved as a tool for personnel management? Before launching into any specific proposals or revisions of the present system, it seems advisable to reexamine the purposes of Performance Rating, and try to gain a clearer perspective of the proper uses for this tool - assuming for the moment that a practical tool can be developed, if needed for a legitimate purpose.

Performance ratings are now supposed to be used primarily as a basis for a number of administrative actions. These purposes for rating, listed in the rating manual under the heading of "Uses of Performance Ratings", include: determining pay increases, promotion, reassignment, demotion, separation, compiling retention lists for reductions in force, and awards consideration.[23] Examination of many of these personnel actions reveals, however, that even if reliable and objective ratings of personnel were available, they could have little effect in influencing these actions due to a number of other regulations and practices which are

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[23] NOPI, Performance Appraisal and Rating Manual, p. 4.

more directly applicable and dominant in most cases. In-grade pay increases, for example, are based primarily on length of service. Promotions are based upon competitive examination, or else result from the qualification of an understudy who moves up when the incumbent vacates the higher job.[24] Retention lists consider seniority and veteran's status primarily in compilation of retention points.[25] Separation ordinarily results from personality conflicts, or from obvious rule infractions, or from gross ineptness during the probationary period; and so it goes. In fact, in nearly every administrative action mentioned regarding personnel,[26] there are so many other more directly applicable and more predominant rules to consider that the effect of performance ratings cannot be properly brought to bear, regardless of their reliability or validity.

The one exception is the aforementioned use of the "Outstanding" rating to bring deserving employees to the attention of the awards committee. This is quite proper; but as has been pointed out, whether this, in itself, should be the sole basis for the granting of such awards (as it now seems to be) is questionable.

All in all, it seems that any effort to improve the

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[24] Navy Civilian Personnel Instructions, Instruction No. 160.

[25] Ibid, Instruction No. 170.

[26] Ibid. Passim.

present rating system for the purpose of providing a better and more useable basis for administrative actions would be extremely impractical within the existing legal framework of personnel regulations, since the ratings cannot have but negligible effect. In other words, why get a better umbrella when you can only use it indoors!

One wonders why Performance Rating has been tried at all for these purposes. It seems primarily due to the fact that a record of the rating, on the present rating form, is required by law for official employee records. Historically this record of rating is felt to have a pertinent place in these records, and being there, it should be used for administrative actions. This concept is deeply ingrained in civil service personnel through their experience with the past rating systems. It might be said, however, that the present system, through its ineptness at providing any substantial differentiation between employees, has resulted in considerable deemphasis of the importance given to the records of Official Performance Ratings when considering administrative actions. Unfortunately, this deemphasis in administrative importance has not been accompanied by an increased emphasis on other pertinent aspects of the program outlined in the Performance Rating Act of 1950.

For there still remains another important and practical purpose which can be served by careful and systematic performance rating. That is to help the supervisor deal more effectively with his people; to raise their morale, and to

better their performance and efficiency on the job through systematic appraisal and review of their work. This purpose for rating has also been recognized in the Performance Rating Act of 1950, and in the regulations and rules based upon this law which are currently in effect at NOPI. In the NOPI rating manual, in the section entitled "Information for Employees", this purpose for rating is noted as follows:

> The Performance Rating Act requires that each rating plan provide for:
>
> (1) Recognizing merit of employees and their contributions to efficiency and economy in the Federal Service.
>
> (2) Making proper performance requirements known to employees and appraising their performance in relation to such requirements.
>
> (3) Using performance appraisals to improve the effectiveness of employee performance, and for strengthening supervisor-employee relationships.
>
> (4) Keeping employees currently advised of their performance and promptly notifying them of their performance ratings.[27]

Whether fulfillment of these provisions was expected to be a natural consequence of a system satisfactory for the administrative purposes previously outlined, or whether it was not considered to be a bonafide purpose for rating, is not known. What is known, however, is that these objectives apparently were not considered to be of any great importance, or else were not fully understood by those who were charged with the development of the Performance Rating Plan at NOPI.

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[27] Op. cit., p. 16.

As a result, very little effort has been made to facilitate their achievement.

In fact, they have not even been seriously considered to be a formal part of the rating plan, but merely as an informal part of the day-to-day supervisory process. It is in this connotation that they are even mentioned in the rating manual.

When one thus examines critically all the possible purposes to be served by Performance Ratings, the most logical direction to go in order to improve the rating situation at NCPI becomes readily apparent. The only feasable course open is that of shifting the emphasis on the purpose intended to be served by Performance Ratings from administrative purposes to the clinical purpose mentioned. This requires considerable adaptation of the present system. More than that, it requires a completely new concept of rating on the part of the personnel who must participate, especially at the top level of management.

Discussion of Rating Concepts Involved in Improving the Performance Rating System at NCPI

It seems that most of the dissatisfaction with the Performance Rating System at NCPI stems from a basic lack of understanding of what the system is really supposed to accomplish, and of the rating principle which is involved.

The following two sentences, taken from the basic description of the Performance Rating System in NCPI's rating

manual, seem to represent the present concept of Performance Rating in its entirety. They seem more applicable to the old Uniform Efficiency Rating System than to the present system.

> Definition---An employee's performance rating other than an entrance rating, is an over-all appraisal of the employee's work performance expressed in writing.
>
> Uses of Performance Rating---Performance Ratings are used for determining pay increases, promotion, demotion, separation, for compiling retention lists for reduction in force, and awards consideration for employees with "Outstanding" ratings.[28]

No mention is made of possible uses for employee development.

The present rating system really represents an entirely different concept of rating when it is compared to the old Uniform Efficiency Rating System. As a result of the Hoover Commission's investigation of the problem and its subsequent recommendations,[29] the Performance Rating Act of 1950 was passed, establishing an entirely new system. It changed the requirements, the procedures, and the whole concept of Federal employee merit rating. Unfortunately, these sweeping changes were not made in the thinking of the people who were charged with administering the new system.

Clearly, the Performance Rating System was designed primarily to improve employee efficiency by use of systematic appraisals of his performance. Of secondary importance is

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[28] Op. cit., p. 3-4.

[29] See p. 14 for detailed list of these recommendations.

the provision that official records be kept of these periodic appraisals and evaluations for reference in making administrative decisions affecting personnel. The old Uniform Efficiency Rating System was primarily one of "keeping score" in so far as the rating procedure was concerned. There is a considerable difference between the two! The whole idea of Performance Rating should be to let the employee know what is expected of him, how he is doing, and of formulating plans for the improvement of his performance. The very heart of this system is the interview between employee and supervisor in which these things are discussed. Of little importance in this system is the grade, or mark of relative merit, which an individual receives.

This idea apparently has not been fully realized by those who have long been associated with the older "score-keeping" type of system. These people, who have been charged with administering the new system, have not been able to throw off the older concepts of rating, nor to fully understand what is involved in making the new system function properly.

Some of these persisting concepts are the ideas that the rating form is primarily responsible for the success or failure of the system, and that the grades given should be used only for administrative actions. This has been manifested at NCPI by the futile attempt to adapt the simple 3 factor rating form to a score-keeping type of thinking.

The rating manual has devoted considerable space to outlining a number of abstract characteristics to be considered by raters before marking the three factors which actually appear on the rating sheet. In the section entitled, "Guides for Performance Rating of Outstanding", some three pages of general traits and standards are designated as requirements if the rating of "Outstanding" is to be justified.[30] There is no such list of requirements for "Satisfactory"ratings because there is no place else to go along this line of thought. Criteria for "Satisfactory" ratings simply consist of, "less than Outstanding, but not Unsatisfactory."[31] Nowhere in the manual is there any section devoted to "Guides for Interviewing", or "Discussing Ratings with Employees". Nor is there any provision made for designating available time or places wherein these interviews are to be accomplished.

This feeling of the inadequacy of the rating scale is not confined solely to the top levels of management. Last year, a series of supervisory conferences was held at NOPI for the purpose of improving Performance Rating. Among the several formal recommendations resulting from these conferences was the following one:

Outstanding seems to be too restrictive, and Satisfactory

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[30] Op. cit. pp. 3, 12-15.

[31] Ibid, p. 3.

> is too broad in coverage. Therefore, if the three present adjective ratings are retained, there should be two adjective ratings added, one between Satisfactory and Outstanding to indicate above Satisfactory but not far enough above to be Outstanding, and another between Satisfactory and Unsatisfactory to indicate not entirely Satisfactory but not entirely Unsatisfactory.[32]

This statement is clearly a reflection of the idea of "score-keeping" as it was done on the old Uniform Efficiency Rating form, and of the feeling that the system is at fault because of the inadequacy of the rating form.

The big complaint is therefore, that the rating form which is now required defeats the whole purpose of rating. Since supervisors can only mark 3 factors and, for all practical purposes, can only assign the one mark of "Satisfactory" to these, the whole idea of merit rating is meaningless - to the present way of thinking at NCPI anyhow. Such frustration is justifiable in the existing situation.

The nature of the complaints lodged against the present system, the procedures and instructions which have been developed, and the eventual near-demise of the system (for all practical uses at least), are all manifestation of this carrying over of inapplicable concepts of rating in the present situation. These concepts must be thrown off and replaced by another concept if Performance Rating is to be of any practical value for the purpose it was basically intended to serve. Of paramount importance is the idea that performance ratings are primarily directed toward present and

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[32]See note 19, p. 23.

future development of the employee rather than "keeping score" of his past performance. It should be clear, in the present circumstances at least, that no possible use can be made of the score anyhow, so far as administrative actions are concerned.[33]

The remainder of this paper is devoted to a proposal for developing a system better suited to the accomplishment of the intended (and far more practical) purpose of Performance Rating, viz. to improve employee and supervisory efficiency in the performance of their jobs through systematic appraisal and constructive review of employee performance.

The Proposed Rating Procedure-General Considerations

The rating procedure proposed hereinafter is designed primarily to facilitate and emphasize those aspects of the present Performance Rating System mentioned in the rating manual as part of the regular day-by-day supervisory processes. The following is quoted for information from that section of the manual entitled, "Information for Employees".

> This Plan [Performance Rating] provides that appraisals of employee performance will be made and used as part of the regular day-by-day supervisory processes. Such performance appraisals are not ordinarily written, but they are the appraisals that are made in the minds of supervisors as they oversee the performance of the work. The major objectives of this performance appraisal program are: (1) to increase the effectiveness of supervision

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[33] See page 31.

through the continuous, constructive use of performance appraisals in the regular supervisory processes; (2) to improve the effectiveness of all employees in the performance of their work; and (3) to improve the efficiency and economy of the service through the improvement of performance of both supervisory and non-supervisory employees.

Under this program you will be kept advised of the accomplishments that are properly expected of you, and you will be currently informed of the extent to which you are meeting, falling short of, or exceeding the requirements properly expected. You will also be given appropriate supervisory assistance, consistent with your needs as shown by the current appraisals of your performance. In addition, your supervisor will endeavor to provide you appropriate recognition for your accomplishments through all available means. Also, he will endeavor to give you all proper incentives to do the best work of which you are capable; and it is desired that you and he work together as a team to your mutual advantage in accomplishing the work for which your jobs have been established in the organization.[34]

These words, with a few modifications in the methods to be used, express the real purpose behind Performance Rating as the author feels it was intended to be, and as this paper proposes that it be. It is felt that a much better method for the achievement of these objectives lies in the use of a formal plan for systematically appraising employees in such a manner as to periodically and regularly provide the supervisor with an opportunity to supply this information to every employee, clearly, honestly, and in such a way that it will be helpful. How may this be done?

Since the presently used Performance Rating forms and the perfunctory methods of rating are in such general disfavor at NCPI, and, in addition, are so closely associated in the minds of both employees and supervisors with official

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[34] Op. cit., p. 16.

records and administrative actions, it seems most advisable to set up a completely separate and distinct program for this purpose. It could be called "Employee Progress Review", or "Employee Development Plan", or some such name so as to disassociate it from Performance Rating as it is now interpreted at NCPI. Then at least such a plan would not start with two strikes against it.

The purpose of the new plan is to help the supervisor to deal with his people, and to improve employee efficiency by means of: (1) letting the employee know what is expected of him by his particular supervisor, (2) letting the employee know how he is doing, and (3) improving the understanding between the employee and his supervisor. The fundamental element of the plan for achieving these objectives is a carefully planned, periodic interview between the employee and his supervisor. This interview is to be based upon the supervisor's recorded observation of employee performance. The rating form and the rest of the entire rating procedure are designed to get the utmost benefit from these interviews.

The proposal to set up an entirely revamped plan for the purpose of "advising employees of the accomplishments which are properly expected of them, informing them of the extent to which they are meeting, falling short of, or exceeding the requirements properly expected," etc.[35] is deem-

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[35] See the excerpt from the NCPI rating manual which is quoted on pages 40 and 41.

ed advisable because all available evidence seems to support the conclusion that this is not being done under the present Performance Appraisal and Rating Plan. In a recent attitude survey which was conducted at NOPI, the question was asked, "How often does your supervisor discuss your job performance with you?" Only 16% answered "once a year", and 6% more answered "at least every 6 months". The remainder answered as follows: 18% - "only when something goes wrong"; 22% - "seldom or never"; and 36% - "often enough, but not on a regular schedule". Four percent failed to answer this question.[36] Another pertinent question which was asked on the survey was, "Are you satisfied with the credit you receive from your supervisor when you do a good job?" Only 24% of the employees at NOPI indicated that they were "entirely satisfied" with the credit they receive from their supervisors when they do a good job.[37]

The above answers would indicate that the "day-by-day supervisory process"[38] of employee appraisal is not being used in the manner in which it was intended, viz. to keep the employee advised of his performance in comparison with

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[36] Priest, Charles, Jr., An Appraisal of Factors Affecting the Productivity of Employees in a Naval Ordnance Plant, M.S. Thesis in Industrial Engineering, Purdue University, May 1954. Unpublished.

[37] Ibid.

[38] Refer to excerpt from NOPI rating manual cited on pages 40 and 41.

what is properly expected of him. In fact, so far as the Performance Rating Plan presently in use is concerned, there is no specific listing of what is properly expected of any employee! That is, there is no specific set of criteria in relation to which an employee's performance can be appraised. To be sure, there are a number of general characteristics enumerated in the rating manual as "Guides for Performance Ratings of Outstanding", but these are vague and general qualities requiring superlatives in every aspect of performance.[39] They are, as stated, to be used as guides for making "Outstanding" ratings only.

The day-by-day appraisal program outlined in the manual and quoted on pages 39 and 40 seems to imply that employees shall be kept informed of their performance, not only when it is outstanding or unsatisfactory, but also when it meets requirements satisfactorily. As it is presently understood and administered at NOPI, the Performance Rating System does nothing to facilitate constructive use of performance appraisals in the regular supervisory processes. There are no performance criteria which have been established for a supervisor to compare with actual performance in appraising employees. There is no systematic method of using performance appraisals regularly to keep the employee informed of how he is doing. There is no planned opportunity for the supervisor

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[39] Op. cit., p. 3, 12-15.

and employee to get together to "better supervisor-employee relations" by objectively discussing problems relating to employee performance. In short, the day-by-day processes which are taken for granted in conjunction with the Performance Rating Plan are not a reality.

It is for this reason, and because of the facts previously mentioned regarding the extreme limitations on the use of rating scores for administrative actions,[40] that a new rating plan should be inaugurated at NCPI.

The new plan is more of a Performance Review than a Performance Rating. It will consist essentially of establishing performance criteria for each job supervised, observing actual employee performance in relation to these criteria, and recording these observations. The recorded observations will be used to fill out a rating sheet which will serve both as a record of the employee's performance and as the guide for the supervisor in interviewing the employee. Such a plan is both within the spirit and the letter of the law as set forth in the Performance Rating Act of 1950. Moreover, if such a plan were properly established as a regular personnel policy, the objectives cited in the rating manual could more nearly be achieved. These are:

(1) To increase the effectiveness of supervision through the continuous, constructive use of performance appraisals.

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[40] See pp. 31-32.

(2) To improve the effectiveness of all employees in the performance of their work.

(3) To improve the efficiency and economy of the service through the improvement of performance of both supervisory and non-supervisory employees.

The remainder of this paper is devoted to the development of such a rating plan. It is intended to outline some of the steps which are deemed necessary, if a workable plan is to be established at NCPI.

Developing the Rating Plan

A number of rating plans have been described in the literature concerning merit rating. Many of these, similar in scope to the proposed plan, have enjoyed a considerable degree of success. NCPI, however, is a unique concern (What establishment is not?), having its own particular organizational and personnel structure. For this reason, it seems more advisable to develop the rating plan within the organization itself, rather than to merely borrow the forms and rules from an already established rating plan. This procedure will insure a plan which will better fit the needs of the plant, and, it is hoped, will result in a plan which can be "lived with" by those who will be using it.

This is not to say that there are not a number of good ideas in many of the other similar plans which have been publicized. The principles involved are basically the same in all; the forms and administrative rules and controls vary considerably. The following basic principles and pro-

cedures involved in this type of a rating plan have been listed by Rundquist and Bittner. All in all they typify the type of program which seems especially appropriate in the present situation.

1. It [the rating method] has a single purpose, namely to help supervisors deal with their people more effectively.

2. It employs a simple rating form that serves merely as a convenient medium for recording information contributing to the basic principle.

3. Each rater develops for every job supervised a "job definition" consisting of a list of the important job performance elements which he will refer to in judging a worker's performance on the job.

4. Raters observe the employee's work with particular reference to the performance elements in the job definition.

5. Comments on outstandingly good or poor performances are recorded as they occur during the rating period.

6. At the end of the rating period, the rater's evaluation of the employee is recorded on the form in terms of a summary of the worker's strong and weak points, added training or experience he needs, and a simple over-all performance rating.

7. The employee is interviewed by the rater, who explains the rating to him. Plans are made to help the employee overcome his weaknesses.[41]

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[41] Rundquist, Edward A. and Bittner, Reign H., "A Merit Rating Procedure Developed By and For the Raters", Rating Employee and Supervisory Performance, American Management Association, New York, 1950.

Considerable care and effort must be expended when developing a plan along these basic ideas if the ultimate product is to be an acceptable and valuable part of the personnel policy. Especially is this true when one considers the hapless background concerning rating at NOPI, and the present official concept at NOPI regarding this type of rating - whereby it is taken for granted as part of the day-by-day supervisor-employee relationship. From all evidence, the latter is more wishful thinking than fact.

The remainder of this section is devoted to a discussion of the steps involved in setting up the "new" rating plan at NOPI, and some suggestions as to how they may be accomplished in the present situation. There are four distinct phases involved in developing the plan before putting it into operation. These may be listed as follows:

1. Getting the program started.
2. Developing the rating criteria
3. Training the raters.
4. Establishing the necessary control and administrative procedures.

Each of these phases will be explained and discussed in greater detail.

Getting the Program Started. This phase is concerned primarily with "selling" the top levels of management on the plan, organizing for the development of the following phases of the plan, and establishing the general policies for developing and administering the program.

A rating committee should be appointed to develop the rating plan. This committee should consist of the top man from each department in the plant, since these people are the ones who are directly responsible for personnel practices and the employee performances resulting from them. It is believed that this committee idea will allow full participation by all departments and will result in the development of a plan which can be lived with by all concerned. In addition, better understanding of the final plan, its objectives, methods, and underlying concepts will be considerably more widespread than if only one department, say Industrial Relations, were to develop the plan and then publish it to all departments for compliance.

After the committee has been named, a series of conferences should be held under the direction of the Industrial Relations Department. The Personnel Director should carefully explain the purpose of the proposed plan and the concepts of rating and personnel administration upon which it is based. Discussion should include a review of the deficiencies of rating as it is now done and the reasons for these shortcomings - hitting principally on the fact that rating is of little value for administrative actions, and that this is not the real purpose anyhow. Admit past misinterpretation of the Performance Rating Act and the directives on rating, and create the resolve to correct the situation. The main purpose of these initial conferences

is to get the idea of "clinical" rating across, and to "sell" the top people on the potential results of a performance review and employee development type of plan. If they are not convinced that such a plan will help them to do their own jobs better, how can they convince others under them of the same thing?

This top-level committee should be given full responsibility for the development of the rating plan from this point on. This rating plan is designed primarily to facilitate and emphasize the supervisory functions described on page 34, which are inescapably line responsibilities. The idea is that those who are to have this responsibility should also have the authority to develop the tools they need for discharging this responsibility.

Once the basic idea of what is wanted has been put across, the next step involves organizing for subsequent development. The plan should be given a name; for example, "Employee Appraisal and Development Plan," to identify it as a new and distinct personnel policy. A formal statement of the objectives of the plan, the methods to be used in setting up the plan at the lower levels, policies, general considerations, etc. should be decided upon and written up for all members of the committee. A tentative rating form could be made up at this time.

There are a number of different types of rating forms which have been proposed for use with this type of rating

plan.[42] Essentially the form should provide spaces for the following information: what the employee does especially well and what he does poorly, what added training or experience he needs to make him more valuable, a simple overall performance evaluation by checking one of four or five descriptive phrases; day-to-day comments on outstandingly good or poor performances; the employee's reaction to his present job and other jobs he might prefer; and the employee's signature indicating that he has had the rating explained to him. One example of this type of form is shown in Figure 5. It is the primary instrument involved in planning the supervisor-employee interview which is so vital to the success of this type of rating procedure.

This, in general, describes the scope of the first phase. It is perhaps the most important, but at the same time, it is only the first step in developing the plan.

Developing the Rating Criteria. This phase consists of formulating the "job definitions", in reference to which the employee's performance is to be judged. This is primari-

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[42] For several examples of such rating forms see:
a. Dooher, M. Joseph and Marquis, Vivienne (eds.), Rating Employee and Supervisory Performance, American Management Association, New York, 1950., p. 145.

b. Conference Board Report, "Employee Rating", Studies in Personnel Policy No. 39, National Industrial Conference Board, Inc., New York, 1942, p. 30.

c. Conference Board Report, "Appraisal of Job Performance", Studies in Personnel Policy No. 121, National Industrial Conference Board, Inc., New York, 1951.

Form 168

OWENS-ILLINOIS GLASS COMPANY

EMPLOYEE PROGRESS REPORT

Employee _____ Dept. _____

Job _____ Report Period _____ To _____

WHAT DOES THIS EMPLOYEE DO ESPECIALLY WELL?

WHAT ARE THIS EMPLOYEE'S WEAKNESSES?

WHAT ADDED TRAINING OR EXPERIENCE WOULD MAKE THIS PERSON A MORE VALUABLE EMPLOYEE?

WHAT IS THIS EMPLOYEE'S ALL-AROUND JOB PERFORMANCE?
(Check the statement below that best describes your evaluation of the employee.)

DESCRIPTION OF ALL-AROUND JOB PERFORMANCE	Check One
One of the best workers	
A good worker	
A satisfactory worker	
Some improvement needed to become satisfactory	
Much improvement needed to become satisfactory	

Supervisor's Signature _____ Date _____

FIG. 5(a).

SAMPLE EMPLOYEE REPORT FORM (FRONT SIDE)

DIRECTIONS: Make comments below on the following things at the time they happen.
1. Important actions of the employee, both good and bad
2. Purpose and results of interviews with the employee

Date	Comments	Signature

TO BE FILLED OUT BY EMPLOYEE AT END OF REPORT PERIOD

1. Has this progress report been explained to you?_____
2. Do you like the kind of work you are now doing?_____
3. Would you like to be considered for another kind of work? If so, what kind?

Employee's signature_____

TO BE FILLED OUT BY SUPERVISOR AT TIME OF TERMINATION

1. Reason for termination?_____
2. Would you rehire?_____

Supervisor's signature_____

FIG. 5(b).

SAMPLE EMPLOYEE REPORT FORM (REVERSE SIDE)

ly a function of each department, and involves all levels of supervision.

There are a number of reasons which have been cited for the failure of merit rating systems or which have contributed to such failure. Merit rating systems may fail because:

a. There is confusion as to the purposes of the system.

b. There is confusion about what is to be measured and how to measure.

c. The raters have had no part of their development.

d. The procedures involved do not help the rater to achieve the basic purpose of the system.

e. Sufficient time is not allowed for the procedure involved.

f. Raters are not sold on the value of the system.[43]

One of the best possible methods for avoiding many of the above pitfalls is by having the people who are to use the system participate in its development to the greatest extent possible. This is particularly true at the lower levels of supervision.

Such participation on the part of first and second line supervisors should be an integral part of the development of a rating plan at NCPI. In fact, it is essential if each employee is to have his performance appraised in relation to what is expected of him on his particular job. It is the

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[43]Rundquist and Bittner, p. 42.

task of each supervisor to establish rating criteria for each of his employees. Since the number of people under any one supervisor at NOPI is ordinarily less than ten or fifteen, and these normally are on the same or similar types of jobs; this listing of the elements required to successfully perform any job, or "job definition", should not impose too great a burden on any one supervisor. It will require careful and deliberate analysis of each job however, plus a thorough understanding and acceptance of the rating concepts underlying the whole procedure.

In order to carry out this phase of the rating plan development, it is recommended that each department set up a series of conferences in which the new rating policy is discussed and explained. Convincing first and second line supervisors of the practicability of the plan can be done, if they are made to realize that such a procedure will help them to help their people to do a better job.

When actual work on the job definitions is to begin it would probably be better to let supervisors who oversee similar groups of workers in the department work together, i.e. foremen with foremen, and leadingmen with leadingmen. In order to make sure that they have the idea of what is wanted, a typical job definition can be presented to the entire conference group for discussion and comment. Such a job definition has been worked out, in conjunction with the preparation of this paper.

The following job definition is a listing of the elements which are required of a leadingman (first line supervisor) in the Machine Tool Section of the Production Department, if he is to perform his job efficiently. The list was compiled in a conference between the 3 foremen in this section.[44] It represents the group opinion as to specific requirements for success on the job as a leadingman, and outlines the elements of performance which are to be observed in appraising the employee's actual performance. These then are the rating criteria for the particular job of leadingman in the machine tool section.

JOB DEFINITION
LEADINGMAN-MACHINE TOOL SECTION

MANAGERIAL DUTIES

I. Flow of work through Sections.

a. Routing orders through Section to meet production schedule.

b. Moving jobs with largest number of hours first.

c. Educating and telling Snappers[45] and men how many

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[44] At NCPI in this Department the lowest level of supervision is the leadingman. The next higher level is the foreman. In this instance there are 3 foremen - one for lathes, one for milling machines, and one for drills and grinders. Each of these has a number of leadingmen under him, each in charge of a given number of machines and operators.

[45] Snappers are not supervisory personnel, but are rank and file assistants to the leadingman - a "straw boss" who may act in the leadingman's absence.

parts you expect per hour and day regardless of estimated time on routing.

d. If estimated time is low, contact your supervisor, while operation is running and not after operation is completed.

e. Know at all times how each Snapper and men are performing on their operations.

f. Give immediate attention to trouble regardless of importance, whether it be operational, tool or machine - If operation is down because of trouble, move worker to another machine.

g. Keeping Snappers gainfully employed and follow-up after giving instructions.

h. Placing right man on the job.

i. Flexibility - If one type of machine is loaded can job be run on another type. (Example, from bench lathe to engine or vs - considering running time and whether or not it would pay. Hot jobs - do you get them started and keep them moving?

j. Moving men as workload progresses from one Section to another.

k. Setting an example of industry.

l. How well your operations are held for future operations, such as squareness, concentricity etc.

II. Quality.

a. Controlling the amount of scrap machined in your section.

III. Cooperation.

a. How well you cooperate with your supervisor, other supervisors and Inspection.[46]

IV. Personnel Problems.

a. How well you handle situations at your level?

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[46]Refers to the group of inspectors assigned to this section of the Production Department.

1. Employee ratings.
2. Pay increases.
3. General problems.
4. Lunch periods.
5. Starting and quitting time.
6. Good housekeeping.
7. Problems with higher supervision.

V. Leadership.

a. How well your Snappers and workers respond to your wishes.

It is seen that such a job definition would consist essentially of specific operations required by the job, ability to get along with one's own group and others outside the group if necessary, and certain personal characteristics required for success on the job.

This "defining of the job" inherently forces a supervisor to become aware of what is important and observable in the jobs he supervises. The value of this procedure should be apparent even apart from any subsequent rating procedure which is to be based upon it. Supervisors must analyze the real elements of success on the jobs which they supervise and thus derive a better understanding of their subordinates' work. In addition, since the traits to be observed are determined by the rater, the common criticism of being forced to use a standard list of traits in the rating procedure should vanish. It is easier for a supervisor to judge a person's performance on the basis of such

requirements. Employee weaknesses and strengths become apparent, and the supervisor is thus in a better position to help the employee improve. Finally, the supervisor will find it as great deal easier to explain his rating when he talks to the worker in terms of the job definition.

Training the Raters. This phase deals with developing the most effective techniques for discussing performance appraisals with ratees. It is not entirely separable from the second phase which, in a sense, is the basic part of the training. Therefore, this phase may be thought of as a continuation of the previous phase, with emphasis on the interview technique and operational training in rating.

The interview between the supervisor and the employee resulting from the supervisor's observation and appraisal of the employee's performance, is the heart of this rating procedure. For it is here that the end result is to be achieved. The previous steps of the rating procedure are all pointed toward giving the supervisor a firm and factual basis for discussing the employee's performance with him, in order to let him know what is expected of him and how he is doing. Properly managed, this interview may be a most effective supervisory tool. Some of the benefits which the employee may derive from a frank discussion with his immediate supervisor are:

1. It lets him know what is expected of him.
2. It lets him know periodically whether his work is satisfactory and, if not, wherein it is unsatisfactory.
3. Positive steps for additional training are made at this time.
4. It improves the personal relationship between a man and his supervisor.
5. It provides him with an opportunity to express his point of view.
6. It causes the employee to make a self-analysis.
7. It stimulates interest in self-improvement.
8. It assures him credit for good performance.

All in all, the whole process assures the worker that his efforts are appreciated, and normally prompts him to put forth greater effort to improve his performance. All too often employees are literally starved for such information due to the inadequacy of normal channels of communication to reach their level.

Some supervisors may at first be skeptical or reluctant regarding interviews with their employees. However, it has been the experience of numerous companies who have used this technique, that once the procedure has been initiated, the results are invariably gratifying.[47] When supervisors

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[47] See, for example, Arthur R. Laney, "Getting Results from Merit Rating", Rating Employee and Supervisory Performance, American Management Association, New York, 1950. See also Rating Plans described in "Employee Rating", Studies in Personnel Policy No. 39, or the Case Studies in "Appraisal of Employee Performance", Studies in Personnel Policy No. 121, National Industrial Conference Board, Inc., New York.

realize that they too can reap great dividends in their own job performance as a result of these interviews, considerable opposition can be overcome.

A short training course in interviewing techniques should be given, and several conferences should be held in which interviewing is discussed. Principles of good interviewing are readily available[48] for presentation. However, the basic part of the interview training will already have been accomplished by the supervisor in making out his job definitions. This, plus the actual observation of employees and preparing his summary of opinion, will so prepare the rater for the interview that he will have confidence in his ability to handle such an interview. Such confidence and knowledge of what he is talking about, added to the training program, should make the interview a simple matter for the average supervisor. A little practice will insure it.

The main points to follow in discussing performance ratings with employees are:

a. Carefully plan the interview. If the report form is filled in conscientiously and accurately you will have the facts available. Decide upon a time and place so as to avoid interruptions and distractions.

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[48] See "Employee Rating", Studies in Personnel Policy No. 39, National Industrial Conference Board, Inc. New York, 1942, p. 21.

b. Put the employee at ease. The purpose of this interview is to provide a two-way flow of information in order to help the employee, not to lecture him. Talk about mutual interests, and be friendly.

c. Explain the purpose fully. Point out possible benefits to the employee.

d. Talk about good points first, and then cover each point in detail. In so far as weaknesses are concerned, list only those which the employee can do something about if he wants to. Be sure that you can prove what you say with specific examples, and be ready to suggest some way of improving performance in weak areas.

e. Summarize strong and weak points and develop a plan with the employee for future improvement.

Treating the employee as an individual rather than as a payroll number in this manner can certainly go a long way towards achieving the goal of "bettering supervisor-employee relations".

Establishing the Necessary Control and Administrative Procedures. The fourth phase consists of setting up effective control procedures to insure that the program is carried out. Rating periods should be established in each Department. Every six months in production departments and perhaps annually in others is recommended. A rating schedule

and a follow-up system should be set up, and courteous but insistent reminders should be sent to supervisors concerning overdue reports. A statistical summary of completed interviews by all supervisors in the Department, showing which are up to date and which are not, would greatly facilitate this procedure and would require little effort on the part of office personnel. Control must be maintained to prevent putting off ratings and interviews. Especially is this true if employee ratings are spread out over the entire rating cycle, to avoid ineffective "crash" programs at the last minute.

During the period required to set up the program, the Industrial Relations Department should prepare a new rating manual incorporating all the features of the "Employee Development Plan" of performance rating. This manual should summarize the objectives of the plan and the procedures involved, and it should be made available to all raters and ratees. The plan should also be explained and publicized to employees prior to its use. Only by knowledge can suspicion be averted, and replaced by confidence and willing participation.

How the Proposed Plan Operates

After the job definitions have been formulated by each supervisor for all jobs which he supervises, and the other aspects of setting up the program which have been previously

mentioned have been accomplished, the plan can be put into operation. The supervisor should explain the purpose of the new rating procedure to each of his employees and let him know what he has listed as important performance elements on the employee's particular job, i.e. his job definition. The job definition may be revised as the employee progresses, but it is important that the employee know what is expected of him at all times. This should not be arbitrarily changed during any rating period unless he is so informed.

The supervisor should set up a performance file containing; (a) the applicable job definition, and (b) a card for recording actual performance, for each of his employees. The supervisor will then observe the employee's actual performance during the rating period, and note on the employee's card any examples of outstandingly good, or poor, performance. This is a day-to-day process, and entries should be made as they occur. These entries should pertain to specific elements which have been listed on the job definition.

Two weeks before an employee's rating summary is due, the Department office should send his supervisor a copy of the rating form on which the employee's name is typed. In order to distribute the load better, employee ratings should be spread evenly over the entire rating period in accordance with a schedule which is maintained in the Department office. Receipt of the rating form indicates to the supervisor that a particular employee's rating is due in two weeks. He can

then go to the card in his performance file and fill out the form - using his day-to-day entries to substantiate and supplement his general over-all impressions regarding the employee whom he is rating. The elements on the job definition should serve as his guide in evaluating the employee's actual performance.

After the form has been filled out, the supervisor should review it with his immediate superior. Such a review process serves two purposes. First of all it gives the second line supervisor a chance to see how his supervisors are handling this performance review job, and at the same time, he becomes better acquainted with the rank and file employees and how they seem to be doing on their jobs. A second, and more important, aspect of such a review is the fact that a supervisor must explain and support his opinions of an employee to the reviewer, and discuss any which he is called upon to do. The reviewer may offer suggestions regarding planning of improvement programs, availability of training courses, etc., which may be of help to the rating supervisor. It is felt that such a review process adds to the rater's confidence and enables him to plan a more effective and productive interview before he talks over the rating with the employee.

After the supervisor has planned his interview with the employee, he should consult with the employee and arrange for a time and place to conduct the interview. During

the interview the supervisor should review the employee's performance with him, and try to work out a positive plan for improvement with the employee in those areas of his job performance where such a need is indicated. At the conclusion of the interview the employee should sign the rating form signifying that it has been explained to him. After the interview the supervisor should note on the form the employee's reaction to the interview and the steps for improvement which were agreed upon during the talk.

The completed rating form, having served its primary purpose during the interview, is then filed in the department office for future reference. Needless to say the forms should not be available to anyone except the rating supervisor and his immediate superior. The information on these forms which is pertinent should be coordinated with the Training Director's work in setting up needed training programs. The forms which are filed may also be referred to when it is necessary to make the annual Performance Rating which goes into the employee's personnel jacket. Information is available to substantiate "Outstanding" ratings, etc. In addition, the filed rating forms may be referred to in case of appeals of Official Performance Ratings. Another reason for keeping them on file is the matter of follow-up when a new rating is to be made up on the same employee.

When supervisors fail to make ratings and interviews

as scheduled, the office staff should remind them of the fact, and such steps as are deemed necessary should be taken to keep supervisors up to date in all ratings and interviews.

CONCLUSIONS

1. Merit rating is a personnel practice which, if properly designed and administered to meet the specific needs of an organization, can be a valuable and useful management tool.

2. The potential value of systematic employee appraisal has not been attained by the Federal rating plans which have been used during the past decade.

3. The Uniform Efficiency Rating Plan failed primarily because the rating plan itself was so poorly designed for the purposes it was intended to serve.

   a. It was based upon unvalidated assumptions.
   b. Characteristics to be rated were vague and often poorly defined.
   c. There was no uniformity in rating standards.
   d. The rules and regulations under which the plan was administered acted to prevent the appearance of valid ratings.

4. The Performance Rating Plan has failed primarily because prevailing concepts of rating have acted to prevent understanding of the real purpose for which this plan was designed. The consequent misuse of a basically good plan has resulted in almost complete failure to derive any of the benefits which are inherent in the plan.

   a. As is now used, it provides no useful information for administrative actions.

b. Even if such information were supplied, it could not exert any appreciable effect in determining personnel actions.

c. It was designed primarily to use performance appraisals for improving the effectiveness of employee performance and for strengthening supervisor-employee relationships.

d. The plan is not used for its intended purpose.

e. Failure to understand how to apply the plan as intended has led to frustration and withdrawal of interest in its use for any purpose.

5. The proposed rating procedure emphasizes those aspects of the Performance Rating plan which have been neglected, and deemphasizes those which have led to the present hapless situation.

a. Better understanding of jobs supervised should result in better supervision.

b. Pointing out specific deficiencies should result in better employee performance.

c. Scheduling of well planned interviews gets supervisor and employee together and should result in improved up and down communications.

d. Better morale should result from the supervisor's taking a more active interest in the growth and training of his employees.

RECOMMENDATIONS

The proposed rating procedure should be adopted if Performance Rating is to be a valuable and useful tool for management under the present law governing this Federal personnel practice. It lies within the intent and the letter of the law governing Federal rating procedures.

The main ideas of the proposed procedure, namely those of: (a) requiring the supervisor to analyze the jobs he supervises; (b) requiring the supervisor to let the employee know what is expected of him on his particular job; and (c) letting the employee know how he is doing and how he may improve his performance, should be of considerable value in accomplishing the stated objective of "improving the efficiency and economy of the Service through the improvement of both supervisory and non-supervisory personnel".[49] Tiffin[50] has stated the value of such a procedure as follows:

> When this result [teaching supervisors how to inform their men of weak spots without offending them] has been accomplished and when a supervisor is able to talk face to face with his men about their weak as well as their strong points, a long step has been taken toward solidarity in the working group and toward the upgrading of men who otherwise might, for lack of information, either remain exactly where they are or actually regress.

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[49] NOPI Rating Manual, p. 16.

[50] Tiffin, J., Industrial Psychology, Prentice-Hall, Inc., New York, 1952, p. 327.

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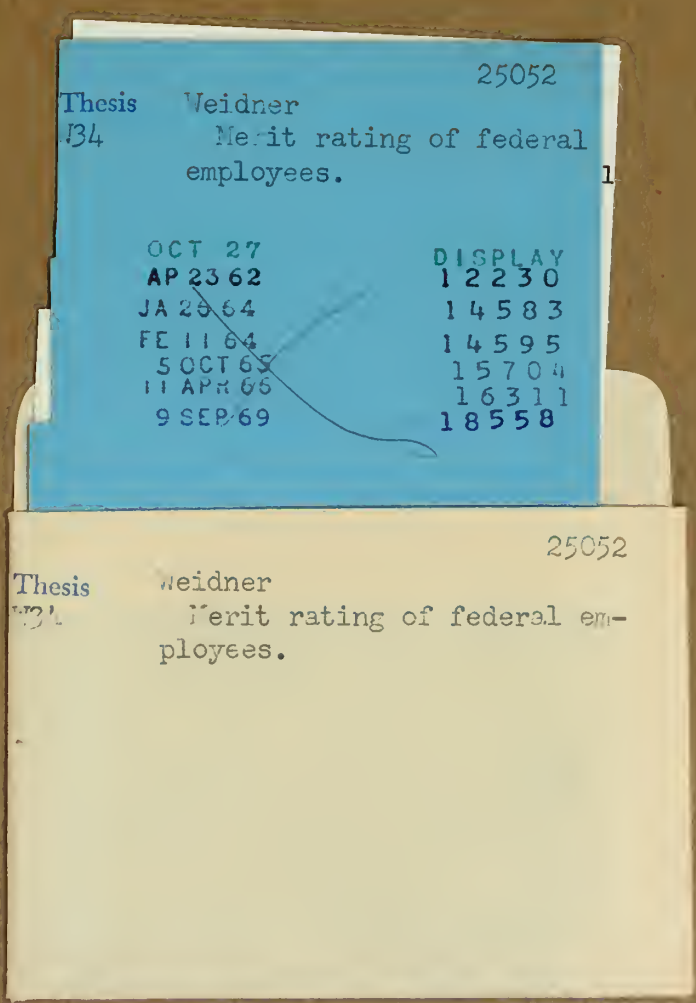

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Merit rating of federal employees.

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